

Revised	07/07	ARIZONA DEPARTMENT OF EDUCATION GUIDELINE & PROCEDURE	NO.	AS-3
SUPERSEDES	08/06		SHEET	1 of 3
SUBJECT: RESOLUTION OF SINGLE AUDIT FINDINGS			FILING INSTRUCTIONS (Guidelines & Procedures Manual) Section: Administrative As item: AS-3	

I. PURPOSE

To provide a standard practice to be followed for resolution of audit findings documented by independent auditors performing Single Audits on federal funds administered by the Arizona Department of Education (ADE) and passed through to ADE sub-recipients.

II. GUIDELINE

The Single Audit Act of 1984 and subsequent amendments, under the guidelines of the Office of Management and Budget (OMB) Circular A-133, requires sub-recipients to have a Single Audit if the sub-recipient expended \$500,000 or more in federal awards in any fiscal year. The ADE is required to have a copy of the Single Audit on file for any of its sub-recipients. If federal fund expenditures meet or exceed \$500,000 during a fiscal year, the sub-recipient must contract for a Single Audit. See A.R.S. § 15-914 A. though F.

Sub-recipients have nine months after the end of their fiscal year to submit the Single Audit results to the ADE Audit Resolution Unit in order to be considered compliant with this requirement.

The ADE Audit Resolution Unit will oversee the ADE Single Audit sub-recipient audit resolution process. Single Audit findings of independent auditors as well as corresponding corrective action plans will be distributed through the Audit Resolution Unit to the responsible ADE Program area for resolution. Single Audit findings and corresponding corrective action plans will be forwarded to the sub-recipients from the responsible ADE Program area. Upon receipt and approval of the sub-recipients' Single Audit resolution measures, the responsible ADE Program area will issue a management decision letter, and provide a copy to the ADE Audit Resolution Unit. To comply with federal Single Audit regulations, management decision letters must be issued within six months from the date the Single Audit is received by the ADE Audit Resolution Unit. Disagreements with the final determination letter may ultimately be appealed to the State Superintendent.

III. PROCEDURE

Independent auditors must send a hard copy or electronic copy of Single Audits of ADE sub-recipients to the ADE Audit Resolution Unit. Upon receipt, the ADE Audit Resolution Unit will log in the Single Audit by the date received. The Single Audit report will be retained by the Audit Resolution Unit and an electronic copy of any Single Audit findings and corresponding corrective action plans will be forwarded to the appropriate ADE Program area for resolution. The Audit Resolution Unit will provide additional copies of a sub-recipient's Single Audit report upon request by that sub-recipient.

Single Audit findings are then reviewed by the Program area to determine if more information or action is required of the sub-recipient. If neither additional information nor additional action is needed, the Program area will issue the management decision letter. If additional information or

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action is needed, the Program area will send a letter of initial determination to the sub-recipient, within 30 days of receipt of the finding. It is the responsibility of the Program area to work with the sub-recipient to elicit the appropriate corrective action.

The Program area determines when the sub-recipient has satisfactorily resolved the Single Audit findings. The Program area will then send a management decision letter stating the final determination to the sub-recipient, and a copy to the ADE Audit Resolution Unit. The date of the letter will be logged in by the ADE Audit Resolution Unit, and a copy placed in the Audit Resolution Unit's file.

On a monthly basis the ADE Audit Resolution Unit will provide a list to each Program area of Single Audits with unresolved audit findings for their areas.

At 120 days of receipt of the Single Audit by the ADE Audit Resolution Unit, a notice of unresolved Single Audit findings will be sent from the Program area to the appropriate sub-recipient Chief Administrative Officer and a copy to the ADE Program Director. The notice will state what appropriate corrective action must be taken and the date by which the Single Audit resolution must be completed. It will also inform the sub-recipient that if findings are not resolved within this time period, payments of that program's current year federal funds will be suspended until the Single Audit findings are resolved.

If unresolved Single Audit findings remain after 150 days, a Preliminary Letter of Determination will be sent from the Program area to the sub-recipient's Chief Administrative Officer and a copy to the ADE Program Director. The notice will state the reference numbers of each Single Audit finding that has yet to be resolved along with the appropriate corrective action and due date for Single Audit resolution before current year funds are suspended. The letter will also state that the sub-recipient has the right to request an Single Audit resolution review within 15 days of receiving the letter. The Audit Resolution Review Panel will be composed of the ADE Audit Resolution Director, ADE Grants Management Office Manager and a staff member from each affected ADE Program area. The Review Panel will review the request and make a determination within 14 working days of the receipt of the request for review.

If Single Audit findings are not resolved by the end of the 180 days, a Letter of Final Determination will be issued citing the appropriate corrective action for the sub-recipient and suspending current year federal funding until the findings are resolved and the corrective action plan is implemented. The letter will also state the sub-recipient's right to appeal the repayment of misspent or misapplied funds to the Superintendent of Public Instruction (State Superintendent) within 30 days of receipt of the Letter of Final Determination under AAC R7-2-805.

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